

Q1 2015 Review and Update on Revised Binding Proposal

Investor presentation

18 June 2015

中國啤酒翹楚 釀出新華創 China's Leading Beer Company



Q1 Results





Revised Binding Proposal from CRH

Revised Possible Disposal

- □ CRH to increase its consideration for the acquisition of the Non-Beer Businesses of the Company from HK\$28.0bn to **HK\$30.0bn** (the "**Revised Possible Disposal**")
- □ Completion of the Revised Possible Disposal remains subject to approval from the Company's independent shareholders

Special Dividend

- Following Completion of the Revised Possible Disposal, the amount of the **Special Dividend** to be distributed from substantially all of the proceeds of the transaction to increase from HK\$11.50 per share to **HK\$12.30 per share** (approximately HK\$29.8bn)
- ☐ The proposed Special Dividend remains conditional on the completion of the Revised Possible Disposal and a capital reduction that requires approval from shareholders

Revised Partial Offer and Continued support

- □ CRH to increase the maximum number of shares to be acquired under the **Revised Partial Offer** from 242,136,536 shares of the Company (approximately 10% of the issued share capital) to 484,273,072 shares of the Company (approximately **20%** of the issued share capital) from at **HK\$12.70 per share**
 - If acceptance of the Partial Offer is 484,273,072 shares or below, all shares validly accepted will be taken up by the Offeror
 - If acceptance of the Partial Offer is more than 484,273,072 shares, the number of shares to be taken up by the Offeror from each Qualifying Shareholder will be determined on a pro rata basis
- □ CRH will provide **shareholder's loan(s) up to HK\$10bn** for not more than 3 years at prevailing market rate applicable to CRH





What will shareholders receive?

Shareholders will receive a Special Cash Dividend of HK\$12.30 per share and either retain their shares in CRE or tender them into the Partial Offer to receive HK\$12.70 per

share in cash if accepted

1

Special Cash Dividend

HK\$12.30 per share





Ongoing ownership in Beer

Market Position / Volume Share (1) #1 in China / 24%⁽⁴⁾

Volumes⁽²⁾⁽³⁾

118m hectolitres

Sales⁽²⁾⁽³⁾

HK\$34.5bn

EBITDA(2)(3)

HK\$4.4bn

Foreign Partner since 1994

SABMiller (49%)

Number of Breweries⁽²⁾⁽³⁾

98 in 25 provinces

(3

Option to sell at least 41.55% of shares into Partial Offer at

HK\$12.70 per share

Notes

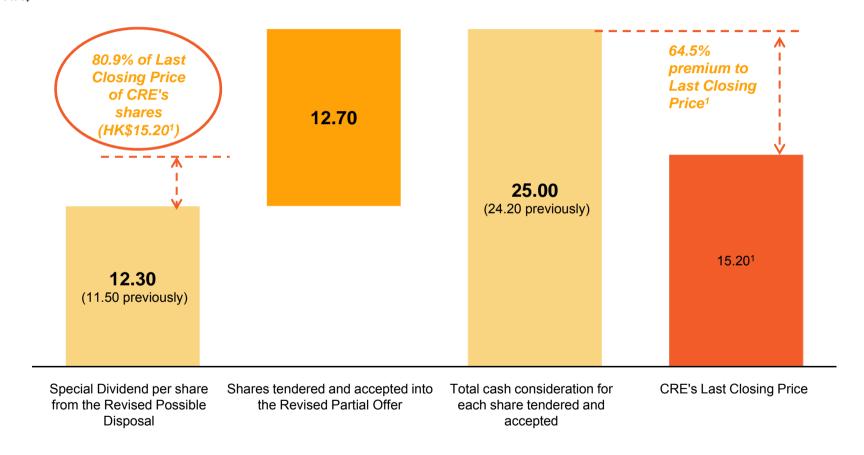
- Volume market share as of 2014
- 2. Audited Volumes, sales, EBITDA and number of breweries as of 2014
- 3. Company Investor Presentation for 2014 full year financial result
- 4. Company filing





Revised Binding Proposal represents a 64.5% premium for each share accepted in the Partial Offer

HK\$



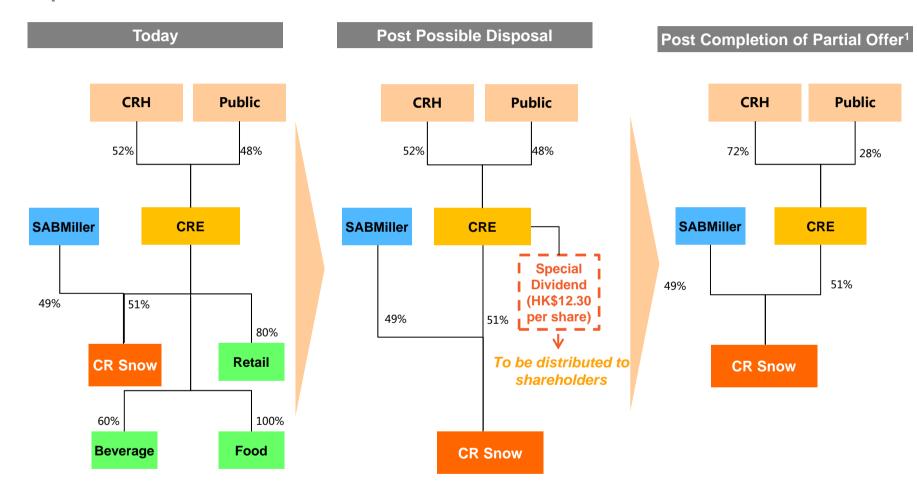
Notes

^{1.} Last Closing Price before share trading suspension 8th April 2015





Proposed transaction structure



Notes:

- 1. Assuming full acceptance of the Partial Offer
- 2. All shareholding percentage rounded up to whole numbers





Key benefit of Revised Binding Proposal to shareholders

✓ Proposal delivers immediate cash realization

- Shareholders can realise cash proceeds of HK\$25.00 per share (HK\$24.20, previously) for each share that is tendered and accepted into the Revised Partial Offer, which represents approximately a 64.5% premium to the Last Closing Price
- For shares not tendered into or fully accepted under the Revised Partial Offer, its holders receive HK\$12.30 per share (HK\$11.50, previously) representing c.80.9% of the Last Closing Price and retain all or part of their shareholding in CRE

✓ Retains control in the number 1 beer business in China

- Focused management and strategy that is no longer impacted by capital requirements of the non-beer businesses
- Number 1 position in the largest beer market in the world by volume
- ✓ Eliminates CRE's exposure to execution risks and earnings volatility associated with challenging issues facing its non-beer businesses
 - Non-beer businesses are facing a challenging operating environment in China with uncertainties on turnaround and ongoing integration issues

✓ Unlocks value within CRE by simplifying its structure

 Unlocks beer from a conglomerate structure and establishes a single focus beer business to increase transparency **Revised Binding Proposal**

Q1 Results





Results Summary

	Q1 2015 HK\$m	Q1 2014 HK\$m	change
Turnover	48,616	41,812	+16%
Earnings	363	356	+2%
Underlying net profit*	360	349	+3%
EPS (HK¢) – Basic	15	15	-
Net cash/(debt)	(7,056)	(1,932)	-265%

^{*} Earnings from core businesses excluding the after-tax effect of asset revaluation and major disposal of non-core assets/investments and after accounted for net corporate interest & expenses





Turnover Breakdown - by Divisions

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	Q1 2015	Prop	Q1 2014	Prop	change
	HK\$m		HK\$m		
Core businesses					
Beer	8,509	17%	7,876	19%	+8%
Retail	34,060	69%	28,081	67%	+21%
Food	4,096	9%	3,942	9%	+4%
Beverage	2,400	5%	2,259	5%	+6%
	49,065	100%	42,158	100%	+16%
Less: inter-co transactions	(449)		(346)		
Turnover – total	48,616		41,812		+16%













Underlying Net Profit Breakdown - by Divisions

	Q1 2015	Prop	Q1 2014	Prop	change
	HK\$m		HK\$m		
Core businesses					
Beer#	51	12%	6	1%	+750%
Retail	335	81%	464	108%	-28%
Food	(38)	(9%)	(50)	(11%)	+24%
Beverage##	66	16%	10	2%	+560%
	414	100%	430	100%	-4%
Net corporate int. & expenses	(54)		(81)		
Underlying Net Profit	360		349		+3%
Adjustment					
Net valuation surplus on investment properties	3		7		-57%
Earnings	363		356		+2%

^{*} The above profit was after 51% profit attributable to CRE.

^{**} The above profit was after 60% profit attributable to CRE.







Growth through: Solidifying market leader position and upgrade of product mix

	Q1 2015 HK\$m	Q1 2014 HK\$m	change
Sales volume (million KL)	2.65	2.58	+3%
Turnover	8,509	7,876	+8%
EBITDA	865	672	+29%
Earnings (#)	100	12	+733%
EBITDA margin (%)	10.2	8.5	+20%
Net margin (%) (#)	1.2	0.2	+500%

Performance was mainly attributable to higher sales volume and increase in average selling prices through product mix

upgrade.

Approximate retail selling price:





RMB5









Super Premium
Over RMB20

(#) Profit attributable to CRE was 51% share of the above earnings.







Growth through: Solidifying market leader position and upgrade of product mix Geographical distribution of the breweries 5(1.1mkl) [-] Heilongjiang Having presence in 25 out of 34 regions/cities (incl., autonomous regions, municipalities and SAR) in China 3(0.6mkl) [-] Jilin Number of breweries plants: 98 12(2.3mkl) [-] Liaoning Inner Mongolia 4(0.4mkl) [-] 1(0.2mkl) [-] Beijing 1(0.2mkl) [-] Gansu 2(0.5mkl) [-] Tianjin 3(0.6mkl) [-] Shanxi 2(0.5mkl) [-] Hebei 1(0.2mkl) [-] Ningxia 3(0.7mkl) [-] Shandong 1(0.2mkl) [-] Shaanxi 5(1.3mkl) [-] Jiangsu Tibet 1(-) [-] 2(0.4mkl) [-] Shanghai Sichuan 13(2.6mkl) [-] K 10(2.0mkl) [-] Anhui Guizhou 4(0.6mkl) [1] Henan 1(0.2mkl) [-] Hunan 4(0.9mkl) [-] Guangdong 7(2.6mkl) [1] Zhejiang 5(1.3mkl) [-] 6(1.1mkl) [-] Hubei 1(0.1mkl) [-] Guangxi No. of breweries (production capacity)[no. of breweries addition in past 12 months] Region Notation: 1(0.2mkl) [-] Fujian Incl. Kingway brewery plants







Growth through: Solidifying market leader position and upgrade of product mix

Distribution of China beer market share:

Total market share of top 4 players was 63% in 2013, of which Snow has 23%.

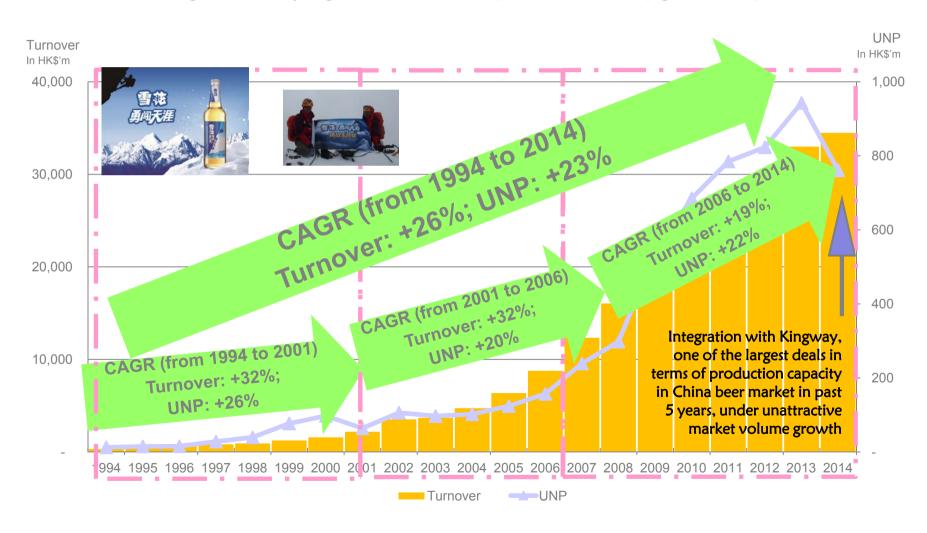


Source: State Statistical Bureau and CR Snow





Growth through: Solidifying market leader position and upgrade of product mix







Vanguard*

Growth through: Multi-format with operational balance and efficiency

	Q1 2015 HK\$m	Q1 2014 HK\$m	change
Turnover	34,060	28,081	+21%
Underlying net profit #	335	464	-28%
Underlying net profit margin (%) #	1.0	1.7	-41%

Slower economic growth, competition from e-commerce and integration with Tesco affected overall performance.

SSSG of retail business:



[#] excluded the revaluation of investment property







Growth through: Quality premium products

	Q1 2015 HK\$m	Q1 2014 HK\$m	change
Turnover Underlying net profit	4,096 (38)	3,942 (50)	+4% +24%
Underlying net margin (%)	(0.9)	(1.3)	+31%

Profitability was mainly affected by initial investment on rice distribution business.

Business Model

- One of the leading integrated food suppliers in China
- Increasing focus on China
- High food safety standard
- Product differentiation
- A variety of food products offered to customers











<u>Beverage</u>

Growth through: strong partnership with Kirin



KIRIN 办。然此	华润怡宝	治賞 マグルテス 特別を
Q1 2014 HK\$m	chang	уе
1.40	+9	%

	ПТФШ	ΠΙζΦΙΙΙ	
Sales volume (million KL)	1.53	1.40	+9%
Turnover	2,400	2,259	+6%
Earnings (#)	110	15	+633%
Net margin (%) (#)	4.6	0.7	+557%

Q1 2015

Higher sales volume generated turnover growth and profitability improvement.





- rich experience in China retails
- successful co-operation with foreign players
- competitive advantage with other CR group companies

KIRIN

- strong R&D capability
- rich experience in beverage business
- a variety of products
- high technology on manufacture of beverage products











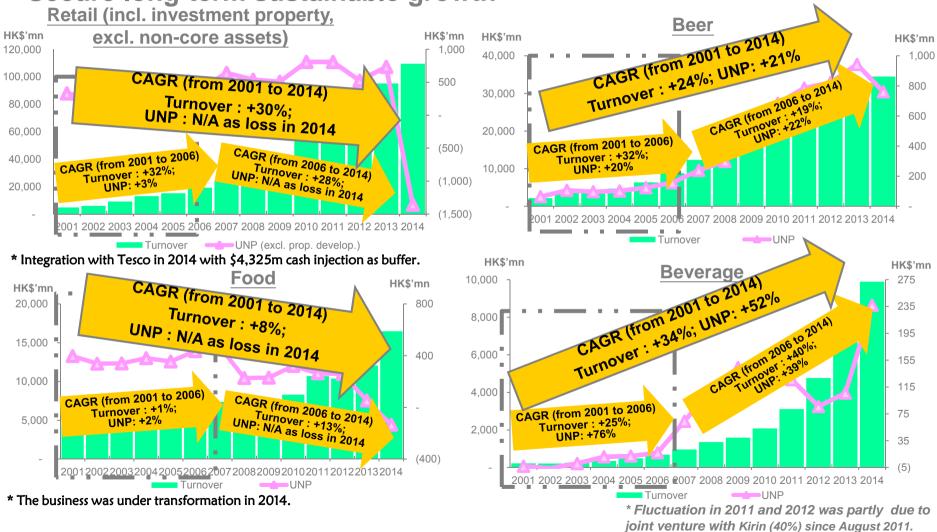
(#) Profit attributable to CRE was 60% share of the above earnings since August 2011.





Appendix I – Historical track record of CRE

Secure long-term sustainable growth

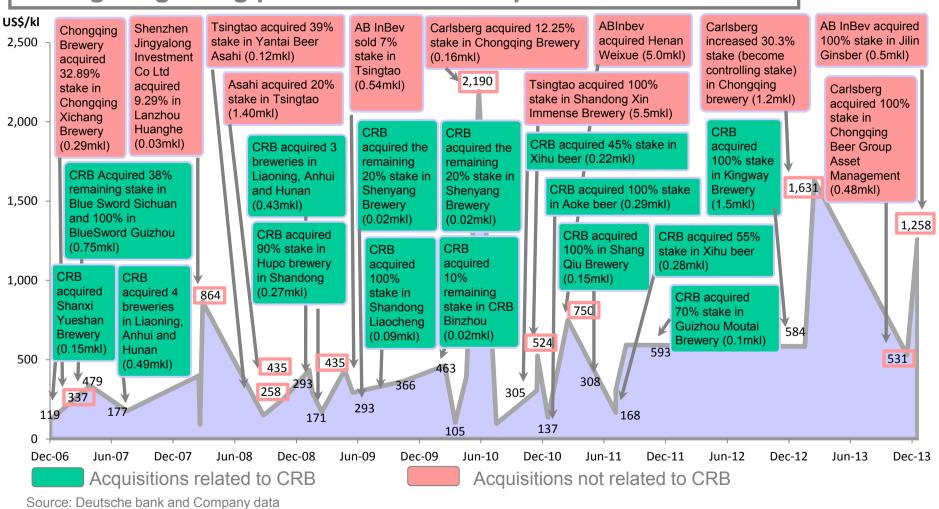






Appendix II – Historical major M&As in beer business

Strong bargaining power and lower acquisition cost on M&A







Appendix III – CRE awards



Highligh	ts of accolades received
Since 2002	Produced quarterly financial and operational review on a voluntary basis. First conglomerate company among the constituent stocks in the Hang Seng Index to initiate such a move
2005-2014	Named one of outstanding enterprises among HK blue-chip companies by Economic Digest
2006-2011	Selected as one of the recipients of the "Recognition Awards - Asia's Best Companies for Corporate Governance" by Corporate Governance Asia
2006/2010/ 2012/2014	Honored as one of the awardees in the Board Category for "Listed Companies (SEHK-Hang Seng Index Constituents)" in "Directors Of The Year Awards" by Hong Kong Institute of Directors
2009-2014	Ranked Top Retailer Awards (China) (Gold award in 2013, 2014), Best of the Best Retailers Award (Asia Pacific) (2014) in Retail Asia-Pacific Top 500 Awards by Retail Asia Publishing
2009/ 2010/2012/ 2013/2014	Received "The Platinum (2009/2010)/Gold (2012-2014) Award for All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations" by <i>The Asset</i>
2010-2012, 2014	Mr. Chen Lang (2010-2012), Mr. Hong Jie (2014) was selected as one of winners in China of Asian Corporate Director Recognition Awards by Corporate Governance Asia
2010- 2014	Received "CAPITAL Outstanding China Enterprise Award-Consumer Goods" in The CAPITAL Outstanding China Enterprise Awards from CAPITAL
2011-2015	Ranked number 981/861/800/1067/1200 in Global 2000 from <i>Forbes</i>

Please refer to our company website, www.cre.com.hk, for further details of awards received prior to 2009.





Appendix III – CRE awards (Cont'd)

	KIII - CILL AWAIUS (COIILU)
 Highlig 2010-2014 	hts of accolades received Received awards for cover photo/design; printing and production; non-traditional in the categories of food distributors, processors & wholesalers, manufacturing & Distributing, Food & Consumer Packaged Goods and Multi-Industry – Products & Services, Retail – Supermarket, Food Processing, Retail – Convenience and Department Stores in International Annual Report Competition Awards from <i>MerComm, Inc.</i>
2010/2013 /2014 /2015	Awarded as Asia's best CEO (Investor Relations) – Mr. Chen Lang/Mr. Hong Jie, Asia's best CFO (Investor Relations) – Mr. Frank Lai, Best Investor relations professional – Mr. Vincent Tse, Best Investor Relations Company, Best Environmental Responsibility (2010, 2013 - 2015) and Asia's Best Corporate Social Responsibility (2013 - 2015) by <i>Corporate Governance Asia</i>
2011	Received the Best Management Team Award (2011), Best Corporate Governance for Listed Companies, Best Information Disclosure for Listed Companies (2014) in Golden Bauhinia Award by <i>Ta Kung Pao</i>
2010/2012	Received Overall Best companies in Asia for Corporate Governance, best awards in Asia region (ex-Japan) for disclosure and transparency, responsibilities of management and the board of directors, shareholders' rights and equitable treatment, Best for Investor Relations (2012) and best awards in Hong Kong region for overall corporate governance, disclosure and transparency, responsibilities of management and the board of directors, shareholders' rights and equitable treatment, investor relations and investor relations officer (2010) by <i>Asiamoney</i>
2011	Received "The Largest Captialization Company Award" in Mainland Enterprises Listed in Hong Kong Ranking by Yazhou Zhoukan
2012	Ranked number 428 in Green Rankings – Global 500 List by Newsweek





Appendix III – CRE awards (Cont'd)

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High	lights	O†	accolades	received

Highligh	its of accolades received
2011-2014	Awarded as one of the companies receiving the commendation in Corporate Social Responsibility Award by CAPITAL and CAPITAL Weekly
2011-2013	Ranked number 39 /46/37 in Fortune China 500
2011	Received 2 best awards for investor relations and investor relations officer and 4 awards of ranked second in Best for overall for corporate governance, disclosure and transparency, responsibilities of management and the board of directors and shareholders' rights and equitable treatment in Hong Kong region by <i>Asiamoney</i>
2012-2014	Received Outstanding Corporate Social Responsibility Award by The Mirror Monthly Magazine
2012-2014	Awarded as Class of 2012/2013 - The Best of Asia (China), Asian Corporate Director (China) – Mr. Chen Lang in 2013, Asia's icon on Corporate Governance in Corporate Governance Asia Recognition Awards by <i>Corporate Governance Asia</i>
2012/2013	Received Best IR Companies (Both Buy (2013) and Sell Side (2012/2013) – Consumer), Best CEO – Hong Jie (Sell Side – Consumer) in 2013, ranked second for Best CEO – Chen Lang (Sell Side – Consumer) in 2012, Best CFO – Frank Lai (Sell Side – Consumer), Best Investor Relations Professional – Mr. Vincent Tse (Both Buy and Sell Side – Consumer), ranked second for Best Investor Relations Professional – Mr. Kevin Leung (Sell Side – Consumer) in 2013 in The All-Asia Executive Team Survey by <i>Institutional Investor</i>
2012-2014	Awarded as Best in Sector – Consumer Goods & Services, Investor Relations by a Hong Kong Company (2012, 2013) and Investor Relations Officer (Hong Kong) (2012) by <i>IR Magazine</i>
2013	Ranked 93 th in Top 250 Global Retailers from <i>Deloitte and STORES Media</i>





Appendix III – CRE awards (Cont'd)

Highlights of accolades received

2010-2014	Selected as one of the companies receiving "Global Chinese Business 1000 – Outstanding Performance Award" by Yazhou Zhoukan
2013/2014	Frank Lai was selected as Asian Company Secretary of the Year by Corporate Governance Asia
2013/2014	Received award as the Winner of Global Top Mid-Cap (2013) and ranked 19 th in Global Top 50 Gold (2013), Global Top 50 Silver (2014) in <i>IR Magazine</i>
2013/2014	Received award for Outstanding Listed Company of the Year by the Hong Kong Institute of Financial Analysts and Professional Commentators Limited
2014	Ranked 3th in Top 5 Best Employers (Retail – Department Stores Industry) from ChinaHR.com
2014	Received Gold award in Consumer –Food/Beverages/Tobacco category; Gold award in Retailing – Multi-line Retail category; and Silver award from Retailing – Food and Specialty category in 2013 Vision Awards Annual Report Competition from <i>League of American Communications Professionals LLC</i>
2014	Received Silver award in Annual reports overall presentation – Food and Consumer Packaged Goods; Bronze award in Annual Reports overall presentation – retail (Other and General) and Honors award in Annual Report Covers (Special Treatment) from <i>MerComm, Inc.</i>
2014	Received The Most Promising Employer in China Best Employer Award from Zhaopin.com
2014	Ranked 5th in the Top 10 Happiest Companies from China Business Journal
2015	Received Best IR company – Mid Cap and Best IRO – Mid Cap from HKIRA 1st Investor Relations Awards by <i>HKIRA</i>

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